

TRUST BOARD MEETING – 24 November 2011

Title of the Paper:	Signing of Contract Documents for P21+ Small Works as agreed by Capital Group		
Agenda item:	167/11		
Author:	Presented by Eric Fehily, Associate Director of Infrastructure		
Trust Objective:	Provide Safe Patient Care Sustain & improve performance		
Key issues Health and Safety – Backlog Maintenance - Resilience Purpose The signing of the contract documents provides future contract security for ongoing and current projects within the P21+ Framework.			
Risk Implications for the Trust <i>(including any clinical and financial consequences):</i>		Mitigating Actions <i>(Controls):</i>	
Beginning work on site without the documents signed opens a risk of confusion on requirements and potential risk of losing any subsequent arbitration around contract conditions.		Use of P21+ Framework gives Department of Health support in any arbitration and additionally the use of the NEC Contract protects contract conditions as a “partnership contract”.	
Level of Assurance that can be given to the Trust Board from the report [significant, sufficient, limited, none]: Sufficient – the signed contract documents are a legal protection			
Links to Key Line of Enquiry (KLOE 1 - 5)			
Legal Implications:			
Recommendation to the Trust Board: The Trust Board members are asked to: Agree the Trust’s process for procuring backlog maintenance works Authorise the Finance Director may sign P21+ contracts			

1. INTRODUCTION

The purpose of this paper is to advise the Board of the proposed procurement process for much of the estate backlog maintenance.

This project has been progressed via the ProCure21+ (P21+) Small Works process, with Integrated Health Projects (IHP) being appointed as Principal Supply Chain Partner (PSCP) on 24th August 2011 via a 'Letter of Appointment'. The Letter of Appointment carried an initial expenditure threshold of £25,000 which IHP have now expended to develop their P21+ Small Works Stage 1 proposals for various project tasks defined by the Trust.

The Trust is now in a position to sign contracts for the Stage 1 project tasks that total £1m.

Each task is supported by a brief business case and approved through the Trust's capital approval mechanisms. The Board is requested to approve the use of the framework agreement as determined appropriate by the Associate Director of Infrastructure. Board approval is sought because while each task is within delegated limits their total over the period of contracting with the P21+ partner will be over £1m requiring under the Trust's SFIs Board approval.

2. PROCUREMENT CONTEXT

The project has been procured using the P21+ national framework which is administered by the Department of Health. Given the nature of the tasks required by the Trust, the Small Works alternative of the P21+ framework has been adopted and IHP has been selected as the PSCP following a rigorous expression of interest and interviewing process with all contractors on the framework. This process has been conducted in full accordance with Department of Health guidelines.

The key advantages of P21+ Small Works are summarised as follows:-

- Speed of appointment; the P21+ process is much faster than traditional methods of procurement, which may need to go through OJEU. This will assist with financial year expenditure requirements.
- Holistic single point of responsibility induced with IHP (i.e. design and construction is an integrated appointment).
- IHP are recognised for their experience of construction in the healthcare sector, the engineering bias of the tasks required and ability to work on 'live' hospital sites.
- Cost predictability is better utilising P21+ (93% on predecessor framework P21).
- Time predictability is better utilising P21+ (96% on predecessor framework P21 in 2010).
- Encourages a partnering ethos, with limited potential for contractual claims which may result in litigation. This is a major risk for more traditional forms of procurement due to the severity of the current economic downturn.
- P21+ has a free VAT advisory service delivered by the Department of Health.
- Monthly monitoring by the Department of Health and gateway review process to ensure adequate performance of all parties.
- Open book accounting process with IHP and payment of actual cost only.

3. CONTRACTUAL CONTEXT

IHP has been appointed by the Trust, based on a value and time bound Letter of Appointment, covering a maximum cost liability of £25,000. This Letter of Appointment was issued to enable IHP to develop their Stage 1 (pre-construction) proposals for each of the tasks. IHP have now completed their Stage 1 proposals and the requisite contract documentation has now been drafted

by Turner & Townsend Cost Management (Trust Cost Advisor), in conjunction with the Trust Project Manager and IHP, and **is now ready for execution**.

The contract is based on templates provided by the Department of Health specifically for P21+ Small Works projects and is governed by the NEC3 form of contract. The contract documents developed ready for signing are for Stage 1 (pre-construction activities) all of which are to be undertaken within a 12 month 'task period' 24 August 2011 to 23 August 2012.

Contracts for future stages and other tasks will be prepared in the same way as described and entered into within approved budgets and in compliance with delegated authority.

4. RECOMMENDATION

It is recommended that WHHT adopt the use of the framework to procure backlog maintenance work as determined appropriate by the Associate Director of Infrastructure.

The Board acknowledge the total works procured through this mechanism will exceed £1m. SFIs will be followed in relation to the cost of each task rather than the overall contract values.

The tasks within each contract are subject to the Trust's capital planning processes and SFIs.

The Board authorise the Finance Director may sign each contract.